

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ See Attachment.

Blank lines for providing applicable Internal Revenue Code section(s) and subsection(s).

18 Can any resulting loss be recognized? ▶ See Attachment.


Blank lines for providing information regarding resulting loss recognition.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ See Attachment.

Blank lines for providing other information necessary to implement the adjustment.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ▶ 

Date ▶ 03/15/2024

Print your name ▶ Cassandra Joseph

Title ▶ Corporate Secretary & Gen. Counsel

Paid Preparer Use Only

Print/Type preparer's name

Kendall R. Fisher

Preparer's signature



Date

3/15/2024

Check if self-employed

PTIN

P01980923

Firm's name ▶ Dorsey & Whitney LLP

Firm's EIN ▶ 41-0223337

Firm's address ▶ Columbia Center, 701 Fifth Avenue, Suite 6100, Seattle, WA 98104

Phone no. (206) 903-8793

Ivanhoe Electric Inc.

Attachment to Form 8937-Part II

Report of Organizational Actions Affecting Basis of Securities (The Arrangement)

Consult your tax advisor: The information contained herein is being provided pursuant to the requirements of Section 6045B of the Internal Revenue Code of 1986, as amended (the “**Code**”), and includes a general summary regarding the application of certain U.S. federal income tax laws and regulations relating to the effects of the Arrangement (as defined below) on the tax basis of shares in Ivanhoe Electric Inc., a corporation formed under the laws of the State of Delaware (“**Ivanhoe**”), in the hands of holders of shares of Ivanhoe stock who are U.S. taxpayers and who received such shares of Ivanhoe stock pursuant to the Arrangement (as defined below) by reason of previously being holders of shares of stock of Kaizen Discovery Inc., a corporation formed under the laws of the Province of British Columbia, Canada (“**Kaizen**”) (“**U.S. Shareholders**”). This discussion does not constitute tax advice and does not purport to be complete or to describe the consequences that may apply to particular categories of shareholders. Neither Ivanhoe nor Kaizen provides tax advice to its shareholders. You are urged to consult your own tax advisors regarding the particular consequences of the Arrangement to you, including the applicability and effect of all U.S. federal, state and local tax laws as well as non-U.S. tax laws.

This Form 8937 and the analysis contained herein also does not address the U.S. federal, state, local or non-U.S. tax consequences of the Arrangement applicable to holders of options, deferred share units, restricted share units, warrants or other convertible securities of Kaizen. Holders of such options, deferred share units, restricted share units, warrants or other convertible securities should consult their own tax advisors regarding the tax consequences of the Arrangement to them in light of their own personal circumstances.

For additional information, please read the Management Information Circular of Kaizen dated as of December 20, 2023 (the “**Circular**”), which is available at www.sedarplus.ca.

Part II Item 14. (Description of organizational action)

On February 6, 2024, pursuant to a business combination agreement by and between the parties, Ivanhoe acquired all of the issued and outstanding shares of Kaizen (the “**Kaizen Shares**”) not already beneficially owned by Ivanhoe, after which Kaizen became a wholly-owned subsidiary of Ivanhoe (the “**Arrangement**”). Pursuant to the Arrangement, each shareholder of Kaizen received one common share of Ivanhoe (the “**Ivanhoe Shares**”) in exchange for every 127 Kaizen Shares exchanged therefor pursuant to the Arrangement. No fractional Ivanhoe Shares were issued pursuant to the Arrangement, with any fractional shares rounded down to the nearest whole number.

U.S. Shareholders should review the Circular and consult with their own tax advisors regarding the tax consequences of the Arrangement to them in light of their particular circumstances.

Part II Item 15. (Description of the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer)

Ivanhoe intends that the Arrangement qualify as a tax-deferred reorganization within the meaning of Code Section 368(a), but provides no assurances in this regard. Provided the Arrangement qualifies as a tax-deferred reorganization under Code Section 368(a), each U.S. Shareholder should have a tax basis in the Ivanhoe Shares received pursuant to the Arrangement equal to such U.S. Shareholder's adjusted tax basis in his, her, or its Kaizen Shares surrendered in exchange therefor pursuant to the Arrangement.

If a U.S. Shareholder held different blocks of Kaizen stock (i.e., shares acquired at different times or different prices) at the time of the Arrangement, such shareholder should consult its own tax advisor with respect to the determination of the tax bases of particular shares of Ivanhoe stock received in the Arrangement.

If Kaizen was a passive foreign investment Company ("PFIC"), as defined under Code Section 1297, for any tax year during which a U.S. Shareholder held its Kaizen Shares, certain special PFIC rules may apply to the Arrangement subject to certain proposed Treasury Regulations that, if finalized in their current form, would apply to transactions on or after April 1, 1992 and that have not been adopted in final form (or withdrawn). U.S. Shareholders should review the Circular and consult with their own tax advisors regarding the potential application of the PFIC rules including the potential application of the proposed PFIC Treasury Regulations.

Part II Item 16. (Description of the calculation of the change in basis)

In the event the Arrangement is taxable for U.S. federal income tax purposes, for purposes of calculating fair market value, the fair market value of an Ivanhoe Share on February 6, 2024 is estimated at U.S.\$8.28, which was the closing price for an Ivanhoe Share on the NYSE American Exchange on February 6, 2024.

Each U.S. Shareholder should consult with his, her or its own tax advisors to determine whether they are required to recognize gain in connection with the Arrangement and what measure of fair market value is appropriate.

Part II Item 17. (List of applicable Code sections)

Provided the Arrangement qualifies as a tax-deferred reorganization within the meaning of Code Section 368(a), the U.S. federal income tax consequences for U.S. Shareholders should be determined under Code Sections 354, 358, 368 and 1223.

In addition, if Kaizen was a PFIC at any time during the period that a U.S. Shareholder held Kaizen Shares, then Code Sections 1291-1297 would be applicable.

Part II Item 18. (Recognition of loss)

Provided the Arrangement qualifies as a tax-deferred reorganization within the meaning of Code Section 368(a), each U.S. Shareholder which received Ivanhoe Shares pursuant to the Arrangement should not recognize any loss.

Part II Item 19. (Other information)

The Arrangement was effective on February 6, 2024. For a U.S. Shareholder which participated in the Arrangement whose taxable year is a calendar year, the reportable tax year is 2024.